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TAGS: ETRD EINV KBCT I2
SUBJECT: ARAB LEAGUE BOYCOTT ACTION PLAN

REF: A. STATE 42386
1B. 2006 BAGHDAD 4690
1C. 2006 BAGHDAD 4067
1D. 2006 BAGHDAD 3797

Classified By: Ambassador Ryan Crocker for reasons 1.4 (b) and (d).

11. (C) Summary: As requested in ref A, post has outlined an aggressive action plan with mission-wide support and input from State, Commerce and Treasury. Given the high-level attention of events in Iraq, GOI officials will expect important issues to involve pressure from all levels of the USG. Increased pressure on the GOI may lead to Iraqi politicians making public statements in support of the Arab League Boycott. We understand Washington's request for an aggressive action plan on this important policy issue. One major positive development is that the Ministry of Health is making concrete steps towards reform of its procurement agency, a source of many of the ALB complaints. We look forward to responses to the suggested plan from the April 19 Deputies meeting. End summary.

Effective GOI Engagement Requires VIP Pressure

12. (C) As detailed in ref B, Embassy Baghdad has repeatedly raised concerns about the Arab League Boycott (ALB) at all levels of the government. Our engagement is constrained, however, by the lack of attention from high-level USG officials during visits to Iraq. Iraqi officials understand Washington's focus on events in the country, and expect that important issues will be raised by visiting Assistant Secretaries, Under Secretaries, Deputy Secretaries and

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cabinet-level officials. Given the importance of engagement on ALB as described in ref A, such visitors may want to focus more on ALB during their visits in-country. We would appreciate Washington support in briefing principals on ALB engagement prior to their visits to Iraq.

Chief Enforcer of ALB No Longer in Power:
Progress at the Ministry of Health

13. (S/NF) Certain working-level engagement with specific enforcers of the ALB, such as the Ministry of Health, has been very difficult in the context of the Iraqi security situation. As the head of a Sadrist Ministry, the Minister of Health (MoH) was often constrained in his cooperation with USG officials) although recent detentions of MoH officials have enabled engagement with more moderate elements. The Ministry itself has been shelled in the past few months by, one assumes, Sunni insurgents, and the building is off-limits to visits from embassy personnel. The Health Attache has had

specific death threats levied against her, and requires extra protection even within the International Zone. In one instance, Econoff held a constructive discussion about ending ALB enforcement with the Director General (DG) of Kimadia, the procurement arm for the Ministry of Health; the DG was removed from office by the Minister of Health the following day (ref C).

¶4. (S/NF) As illustrated by the Department of Commerce's list of ALB complaints, the Ministry of Health's procurement arm is responsible for many instances of the boycott language. Since the February arrest of the Deputy Minister of Technical Affairs, mission engagement with the MoH has greatly improved. Kimadia is understood to be a problem at the MoH, and a USG-funded National Capacity Development project is being developed to reform it. In the meantime, the Prime Minister has signed an agreement to allow the US to act as a contracting agent for Kimadia using the Foreign Military Sales (FMS) mechanism. Should this agreement be finalized, Kimadia will have no ability to require ALB language in its contracts, eliminating a major source of ALB complaints in Iraq.

Increased Pressure May Lead to Increased Enforcement

¶5. (C) Iraqi politics encompasses a wide spectrum of opinions and perspectives. Statements said during private discussion can differ in both tone and meaning from those made in public. Econoffs noted that the televised discussion during the Council of Representatives (CoR) plenary debate on the Investment Law included several strong proposals to include ALB language in the law itself, yet low-profile engagement with key members of the CoR Economic committee and party leaders resulted in no such language in the final law (ref D). An aggressive action plan may lead to a public discussion of the issue that results in more, not less, ALB enforcement. We should be aware of the possibility of this outcome when devising the ALB action plan. Furthermore, the next few months will be critical to the CoR review of the hydrocarbon laws, and popular perception of trade pressure from the U.S. may affect our ability to effectively argue other policy priorities. Ongoing discussions with Gulf Countries about Iraqi debt relief, including the International Compact with Iraq launch on May 3 may also be affected by the timing of this plan. Fair trade practices remain a core U.S. policy priority, and Iraq's steps towards accession to the WTO indicate that the leadership understands the need for open trade.

ALB GOI Action Plan

¶6. (C) Embassy representatives from State, Treasury, and Commerce have developed the following action plan from April 15 - June 30 2007:

April 15 - June 30 * Ongoing engagement with GOI working-level officials, including staff from the Deputy Prime Minister for Economic Affairs' Office, Ministry of Industry and Minerals, Ministry of Oil and the Ministry of Health (where possible).

April 22 * Embassy provides talking points to all of the current IRMO Senior Consultants to deliver to a consistent and aggressive message about the negative impacts of ALB enforcement. We will ask Senior Consultants to report ALB enforcement in procurement and contracting within their assigned ministries.

April 15 - June 30 * High-level engagement by visiting Assistant Secretaries, Under Secretaries, Deputy Secretaries and Secretaries, particularly from the Departments of Commerce, Treasury and State.

May 1 - May 15 * Urge Foreign Minister Zebari at the

Ambassadorial level to disband the ALB office at the Ministry of Foreign Affairs, and end Iraqi participation in ALB meetings.

May 10 - May 20 * Enlistment of support of Deputy Prime Minister for Economic Affairs to resolve existing complaints of ALB enforcement, using the list of complaints compiled by the Department of Commerce.

June 1 * GOI finalizes use of FMS to contract for Kimadia procurement, eliminating a major source of ALB complaints.

April 15 - June 30 * Encouragement by FCS for US companies to immediately report any attempts at ALB enforcement to the Dept of Commerce. Commerce is requested to inform the Embassy of new complaints at the earliest possible time.

¶7. (U) Post looks forward to review and comment of this action plan.

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